



Purpose: For Decision

## Committee report

Committee	<b>CABINET</b>
Date	<b>TUESDAY, 14 FEBRUARY 2012</b>
Title	<b>MEDIUM-TERM BUDGET STRATEGY 2012/13 – 2014/15 AND COUNCIL TAX SETTING 2012/13</b>
Report of	<b>LEADER OF THE COUNCIL AND CABINET MEMBER FOR RESOURCES</b>

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### EXECUTIVE SUMMARY

1. This report follows on from the Budget Review that went to Council on 21 September 2011 and the budget report to Cabinet on 13 December 2011. On 13 December 2011 the Cabinet agreed that the overall budget strategy – including savings of £5.635m in a full year (£3.835m in 2012/13) – be provisionally agreed subject to the results of budget consultation, appropriate service specific consultations, the consideration of the Joint Strategic Needs Assessment and equality impact assessments being considered in the final proposals in February 2012.
2. This report updates on the overall financial position of the local authority, including the budget monitoring position at the end of Quarter 3 (to 31 December 2011), the final Local Government Finance Settlement for 2012/13 and the increased costs that the Council is projected to face in relation to the delivery of current levels of service provision.
3. The Medium-Term Financial Strategy – which sets out the areas of investment to deliver the priorities of the Council – has been rolled forward a year. The full updated version will be made available on the Council's website but a summary of the eight priorities within the Corporate Plan (as agreed at Council on 15 June 2011) – together with the investment included within the revenue and capital budgets – are set out in Appendix 1 to this report.
4. Taking into account the resources available, the level of investment proposed for the priorities of the Council and the projected increased costs that need to be met, there is a projected budget gap of £3.835m in 2012/13 and £5.635m in 2013/14, if no spending reductions are agreed.
5. This report sets out proposals as to how this budget gap should be addressed and asks Cabinet on 14 February 2012 to agree recommendations to be considered by Council on 29 February 2012, at which they should agree an overall Budget and Council Tax level for 2012/13. These proposals take into account the Equalities Impact Assessments set out in Appendix 2 to this report and the results of the

consultation exercises as set out in Appendix 3 to this report. Cabinet Members should have regard for these assessments and reports when deciding whether to agree the proposals as set out and should recommend to Council to do the same.

6. The overall gross general fund revenue budget proposed for 2012/13 totals £338.35m. A detailed breakdown of the approved overall 2012/13 revenue budget will be made available on the Council's website. A summary budget position is set out as part of the Medium-Term Financial Strategy (MTFS) in Appendix 1 to this report.

## BACKGROUND

7. The Council set the 2011/12 Budget and Capital Programme at its meeting on 23 February 2011. This took account of the 2010 Comprehensive Spending Review and the final Financial Settlement for Local Government for 2011/12 which significantly reduced the level of government funding which the Council receives, on an on-going basis.
8. In overall terms it is still estimated that over the four financial years 2011/12 – 2014/15 the overall loss of grant will be at least £20.8m. Due to frontloading of the reductions, nearly 80% of this reduction falls in the first two years. After allowing for projected increased costs, assumed council tax rises and the transfer of health funding, the projected net budget gap over the four year period totalled some £33.134m, of which £17.833m is being met in 2011/12 and £7.201m has to be met in 2012/13.
9. The £17.833m net savings agreed for 2011/12 will have a full year effect of an additional £3.366m being delivered in 2012/13. This leaves a remaining overall gap still to be found of £3.835m (£7.201m minus £3.366m). This excludes the additional reductions in grant that arise from the transfer of functions to academies and in relation to private sewers which in the 2012/13 settlement is a grant reduction of £366k per annum from 2012/13.
10. Even after 2012/13, and before the impact of changes that arise from the Local Government Resources Review and any increase in costs above those projected, there will still be a further revenue budget gap (projected) to meet of £8.1m (£1.9m in 2013/14 and £6.2m in 2014/15).
11. An Autumn Statement from the Chancellor was made on 29 November 2011. This set out the overall position on the national economy and steps that will be taken to deal with current reduced growth forecasts and to avoid going back into recession.
12. As part of the announcement there were a number of national changes that will impact on local authorities. These included additional investment in the Regional Growth Fund (channelled through Local Enterprise Partnerships) and schools capital. Public sector pay is to be capped at 1% for 2013/14 and 2014/15. This is in line with the assumptions in the Medium-Term Financial Plan but local authority pay is not directly controlled by Government and is subject to the national employer's collective bargaining arrangements. The Government will amend Departmental Spending Limits to reflect the 1% cap which will reduce funding to local authorities even further.
13. It is clear that, for the foreseeable future resources will be limited and there will be additional reductions to be made in future years, as the Chancellor set out in his

Autumn Statement. The spending limits for a further two years, 2015/16 and 2016/17 were announced which give an on-going reduction of 0.9% in real terms each year. It is likely that within these limits the reductions for local authorities and for certain services will be higher. The Council needs to be prepared for this likelihood.

14. On 13 December 2011 the Cabinet agreed that the budget strategy should be based on the following principles:
  - (a) The Medium-Term Financial Strategy and Budget Strategy should direct resources to the priorities of the Council and reflect the change to the shape and direction of service delivery in line with the agreed principles set out in the Corporate Plan.
  - (b) The capital programme should be limited to essential and committed schemes and high-priority spend that supports the delivery of the Council's priorities and that schools, Local Transport Programme and other capital spend is limited to the resources received from capital grant and allocations, relevant capital receipts and agreed revenue contributions.
  - (c) That available reserves and balances should not be used to fund the budget gap or any recurring costs, but that consideration should be given to making provision for the preparation of the re-procurement of the waste contract and for providing one-off resource to enable the delivery of the change agenda and particular one-off projects that align with the corporate priorities.
  - (d) That the costs of redundancies and deficits on schools should be met from reserves initially and be repaid from the Direct Schools Grant over a three year period.
  - (e) That the Council Tax Freeze Grant should be accepted and a nil increase in the Isle of Wight Council Tax is made for 2012/13.
  - (f) That savings of £5.635m in a full year (£3.835m in 2012/13) be provisionally agreed subject to the results of budget consultation, appropriate service specific consultation, the consideration of the Joint Strategic Needs Assessment and equality impact assessments being considered in the final proposals in February 2012.
15. On 25 January 2012 a State of the Island Debate took place at Council with the following outcome being agreed, the latter part of which sets a framework for the budget process, including a reaffirmation of the strategic context as set out in paragraph 16 below.
  - (a) Agrees that we are all fortunate to live on the Isle of Wight and there are many aspects of Island life which should be welcomed and celebrated.
  - (b) At the same time, notes that the Island continues to face a number of social and economic challenges, as set out in the most recent versions of the Joint Strategic Needs Assessment and the Local Economic Assessment.

- (c) Agrees that addressing these challenges sits not only with the Council, but also with a range of other public sector bodies, voluntary groups and the private sector, along with individuals and families themselves.
- (d) Agrees that the Council should continue to foster effective partnership arrangements to address these issues, such as through the proposed Health & Wellbeing Board and any future economic forum arrangements (as referred to in the delegated decision paper Economic Development Delivery Action Plan).
- (e) Further agrees that the Council should continue to do all it can to address directly those challenges which fall within its own areas of statutory responsibilities and discretionary powers.
- (f) Agrees that the Council's work should continue to be shaped not just through consideration of the assessments set out in (b) above, but also through the democratic process - including the consideration of representations made by residents, both directly and through consultation exercises. It further agrees that the Council's work should principally be shaped through residents' participation in the electoral process, by giving a democratic mandate to councillors to represent their views.
- (g) Therefore agrees that the Council's Corporate Plan 2011-13, takes into account all of the above and allows for the continuing development of initiatives to address the Island's changing needs.
- (h) Finally, it resolves that budget proposals should be brought before Council on 29th February 2012 which allocate resources to the local authority's corporate priorities (as set out in the Corporate Plan 2011-13), whilst allowing for the flexibility to make further investment during the course of the year as needs arise and resources allow.

## STRATEGIC CONTEXT

16. The Council's Corporate Plan and the Medium-Term Financial Strategy to deliver it were agreed by Council at its meeting on 15 June 2011 and the Medium-Term Budget Strategy needs to direct appropriate resourcing to the eight key priorities i.e.
  - (i) Raising educational standards;
  - (ii) Highways PFI;
  - (iii) Keeping children safe;
  - (iv) Supporting older and vulnerable residents;
  - (v) Housing and homelessness;
  - (vi) Regeneration and the economy;
  - (vii) Waste strategy;
  - (viii) Delivery of budget savings through changed service provision.

## BUDGET STRATEGY AND COUNCIL TAX SETTING 2012/13

17. Since the report to Cabinet on 13 December 2011 further work has been undertaken on developing the budget strategy and in refining the figures and proposals. In particular the following aspects have been updated:

- (a) The level of investment in the Council's priorities;
- (b) The projected net savings for 2011/12 based on budget monitoring to Quarter 3 to 31 December 2011;
- (c) The assessment of 2012/13 and future years increased costs from inflation and external factors;
- (d) The capital programme and capital financing costs;
- (e) The final Local Government Finance Settlement for 2012/13;
- (f) The level of reserves and balances and risk assessment;
- (g) The medium-term financial position for 2013/14 and later years;
- (h) The level of savings required.

(a) The level of investment in the Council's priorities

18. The total gross spend of the Council in 2012/13 is proposed to be £338.35m. After allowing for income from fees and charges, certain grants and contributions the net budget is proposed to be £133.656m. The allocation of resources to the priorities as set out in the Corporate Plan is a key investment and this is summarised in Appendix 1 to this report.
19. The allocation of resources also needs to reflect the changing needs of the Island, its residents, the users of services, businesses and visitors. If resources are to be directed to meet the needs of the most vulnerable and to have the most impact, then this must be based on an assessment of the gaps that need to be addressed.
20. The Joint Strategic Needs Assessment (JSNA) provides a comprehensive picture of the Island's health and wellbeing, and will enable the Health and Wellbeing Board to develop an over-arching Health and Wellbeing Strategy for the Island. This strategy will respond to the needs and priorities identified in the JSNA, and plan what services and activities are required to address them.
21. The budget includes major proposed spend on Adult Social Care and Children's Services as well as housing and health and wellbeing initiatives. The allocation of resources within these areas needs to be directed to meet statutory duties and appropriate prevention and improvement activities that have the most impact in dealing with underlying needs.
22. The MTFS summarised in Appendix 1 to this report outlines the extent of proposed investment in the Council's priorities. This amounts to some £87m in 2012/13 and £91m in 2013/14 in terms of on-going revenue.
23. The budget also includes some significant proposed capital investment in new schemes i.e.
  - Superfast Broadband;
  - Solent Ocean Energy Centre;
  - Housing;
  - Replacement Cowes Chain Ferry;
  - Highways and Transport schemes;
  - Upgrading of economically important council maintained toilets.

24. The summary proposed capital programme is set out in Appendix 7A to this report. The proposed capital investment in 2011/12 – 2013/14 totals some £125.526m.
25. Paragraphs 26 to 47 of this report below set out how it is proposed that council resources are allocated to the corporate priorities, as referred to in paragraph 16, above. Most sections only contain an overall summary of how proposed investment will support the corporate priorities, as other decisions and documents set out plans for particular areas in more detail. However, because of the particular focus being placed on the corporate priority of Regeneration and the Economy in this year's budget setting process (as agreed in a resolution at Council on 25 January 2011), this area is listed first and with much more detail provided than the other corporate priorities.

### **Regeneration and the Economy**

26. The Isle of Wight continues to face challenges posed by the changing national and global economic situation. The Council has a key role to play in supporting the economic development and regeneration of the Island, as set out in the recent Cabinet Member delegated decision paper: Economic Development Delivery Action Plan. This role will be fulfilled through policies and initiatives aimed at driving and facilitating inward investment, promoting local businesses and creating job opportunities for our residents. The Council is committed to working closely with the private sector on the Island to identify and exploit business led opportunities to stimulate and grow the Island's economy, increasing employment and business start up and survival rates. The Council will also work closely with business representative organisations such as the Chamber of Commerce, Tourism and Industry and the Federation of Small Businesses to identify opportunities for better aligning our activities in order to improve the overall economic wellbeing of the Island.
27. It is proposed that the Council's approach to economic development will continue to focus on:
- Increasing inward investment;
  - Provision of sufficient employment land;
  - Development of a skilled workforce in key sectors;
  - Promotion and expansion of renewable energy activities;
  - Installation of a Superfast Broadband network;
  - Developing and promoting a 21st century tourism offer;
  - Playing a key role in supporting the Solent Local Enterprise Partnership (LEP) to ensure that the Island maximises the economic benefits from the LEP's activities.
28. The action taken to deliver savings and reduce expenditure has placed the Council in a position whereby it can invest in one-off revenue and capital projects, specifically aimed at economic development and regeneration. This report therefore proposes the following investment in the Island's economy, directly linked to the approach outlined above:

#### **Superfast Broadband**

Capital investment of £3 million (over two years) in the installation of Superfast Broadband for the Island to match fund and secure Government funding of £3.2

million towards these works. Set alongside the recent BT announcements to invest in Superfast Broadband in a number of Island towns, it is hoped that a minimum of 90% of premises will have access to Superfast Broadband by the end of 2014/15. This will help to support and sustain business start-ups, enable different ways of working and promote and develop the high value knowledge economy of the Island where location is less important than connectivity. The considerable economic benefits of Superfast Broadband have been set out in recent publications by the Department for Culture, Media & Sport.

### **Solent Ocean Energy Centre**

Capital investment of £1 million (alongside £2 million of funding from the private sector) to secure the licences and permissions necessary to develop the first phase of the Solent Ocean Energy Centre project, leading to the development of tidal energy testing off the coast of the Island. It is anticipated that the project will result not only in significant inward investment to the Island, but will also lead to the longer-term creation of approximately 700 jobs in the Solent area, with a significant number of these being based on the Island.

### **Employment Land**

Some of the key employment sites on the Island are owned by the Homes and Communities Agency (HCA), having been transferred from the South East England Development Agency (SEEDA). The Council's commitment of £1m of capital funding (over two years) would assist meeting infrastructure requirements for these sites, therefore allowing them to be brought forward for development at an early stage. This should encourage the HCA to prioritise its investment in the Island sites and in those which have the most potential to assist in developing new and growing existing businesses.

### **Employment Opportunities for Young People**

Additional revenue funding of £300,000 has been identified as one off expenditure to create employment opportunities for young people. A decision was made at Council on 25 January 2012 to allocate this funding. This will be used to extend the number of pre-apprenticeships under the scheme introduced during 2011/12 and to support new full apprenticeships for young people. In addition to this the Council will seek to use these funds to support young entrepreneurs looking to start their own businesses, supported by mentoring provided by established businesses. In total a minimum of 160 young people (in addition to the 40 pre-apprenticeships created in the current year) will receive support from this funding to find new job opportunities in the construction industry, marine industry, tourism and hospitality, health and social care, advanced manufacturing/engineering/composites and retail. The Council will also be looking to use this funding to organise a Jobs Fair where Island businesses can promote job and apprenticeship opportunities to local young people.

### **Economic Improvement Fund**

The Council has identified and set aside revenue funding of £250,000 in 2012/13 to support specific local initiatives aimed at improving the economic vitality of our towns and villages. A decision was made at Cabinet on 13 December 2011 to allocate this funding. Town and Parish Councils wishing to draw down this funding will provide match funding of their own thereby creating further investment of up to £500,000 directly into the local economy. A wide range of local initiatives are currently under development and are expected to be finalised in the coming weeks.

### **Tourist Board (Destination Management Organisation)**

The Council is committed to working with the tourism industry to develop a new private sector led tourist board (Destination Management Organisation) to lead the development and growth of the industry which is so significant to the Island's economy. The Council has committed to maintaining its financial support for the industry at the current level which equates to expenditure of £3m over the nine years commencing 2012/13.

### **Highways PFI**

As stated elsewhere in this report, the Council is committed to, and continues to invest in, delivering a successful highways maintenance PFI contract commencing in April 2013. The PFI represents not only a significant amount of grant funded investment which will dramatically improve the Island's highways network; it will also act as a catalyst for wholesale improvements to the public realm, economy and regeneration. This will lead to a range of employment opportunities for Island residents, support tourism through improvements in infrastructure and the public realm and provide opportunities for Island businesses to benefit directly and indirectly from the unprecedented level of investment.

### **Strategic Asset Management**

How the Council makes best use of its assets must include consideration of their importance and potential impact on the Island's economy. The Council will continue to identify and work with potential investors and expanding business to ensure, where appropriate, that assets can be used to create and secure jobs for the Island.

### **Island Plan Core Strategy**

A key focus of the Island Plan (Local Development Framework) Core Strategy is to enable land to be made available in key locations for economic activity. The Core Strategy, as approved by the Inspector and awaiting approval by Council on 21 March 2012, will formally provide for at least 42 hectares of new economic delivery land to be delivered up to 2027. It also allows for circa 75,000 square metres of net retail floor space to be provided broadly in the primary retail areas, town centres or key regeneration areas.

### **Solent Local Enterprise Partnership (LEP)**

The Council will continue to support and play an active role in the Solent Local Enterprise Partnership (LEP). The Government has made it clear that funding for economic development and infrastructure improvements, and decisions as to how these funds will be spent, will be principally delegated to Local Enterprise Partnerships. LEPs that deliver economic growth will be looked upon favourably in terms of drawing down additional government funding. It is therefore important that the Council plays its role to ensure the best possible outcomes for the Island. The Council is the nominated lead on behalf of the Solent LEP for the visitor economy and the renewable energy sector. This plays to our key strengths in the area of economic development and we will work with partners in the LEP, as well as others, to deliver economic improvement in the Solent area and for the Isle of Wight in particular.



### **Toilet Upgrades**

Provision of £500k has been included in the capital programme for upgrading a number of council maintained toilets that have a particular importance to tourism or business related activity – such as in key visitor locations and town centres.

### **Supporting Older and Vulnerable Adults**

29. The Council has increased its funding of services to older and vulnerable residents. Where savings have been made this has largely been in management costs and increasing efficiency rather than reducing direct services to users / clients. Indeed, this focus has ensured that the resources available are even more so focused on frontline service provision for these residents.
30. The comparable investment in services for older and vulnerable adults in direct provision of care is set out in the table below, including levels of proposed investment for the next three years, incorporating projected income. The figures include inflation but exclude non-direct care management and support costs.

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Budget for care provision	48,319	49,690	53,190	55,990
Income	-12,528	-13,105	-13,105	-13,105
Net Budget	35,790	36,585	40,085	42,885

31. This means that with annual uplifts to the budget allocation in this area, over the next three financial years care provision will see a net increase of £7.095m (19.8% increase on the 2011/12 net budget) compared to the overall position on the Council's budget of a reduction of at least £15.3m, a fall of some 16% in real terms on the effective savings base.

### **Raising Educational Standards**

32. The raising of educational standards is essential for the future economic and social development of the Island's population. Educational attainment is generally lower on the Island compared with the national and regional results, although it has shown an upward trend over recent years. The majority of education funding is passported to schools on a formula basis. Schools are responsible for raising standards through good quality teaching and learning.
33. However raising educational standards continues to be a corporate priority, and performance will be scrutinised through the Children & Young People Scrutiny Panel. Whilst the majority of funds are with schools the council continues to provide support to particular aspects of improvement (e. g. maths and English in primary schools) and support for schools experiencing particular challenges. Much of this support is now being delivered in partnership with Southampton City Council. The Council will also continue to invest substantially in school facilities, with Phase 4 of the Schools Capital Programme now underway.

### Keeping Children Safe

34. The Council is committed to ensuring that children and young people are safe and enjoy healthy lives. To achieve this it invests in support services such as children's centres and short breaks for parents and carers of disabled children as well as specialist social work services to respond to safeguarding issues or support children who need to be looked after by the council or young people who are at risk through the criminal justice system.
35. Significant investment in an enhanced recruitment and retention policy along with a strengthened team based approach to working with our most vulnerable families and individual children is already paying dividends and puts the Council in a good position to deliver the outcomes of the Munro Review of Child Protection.

### Highways PFI

36. The condition of the Island's roads is one of the key concerns for Island residents and visitors. The Highways Private Finance Initiative (PFI) will address this through the use of a substantial government grant to bring our highways up to an appropriate standard and maintain them for a period of 25 years. In total, just under £0.8 billion will be invested in the Island's public highway infrastructure over the 25 years of the project. This unprecedented level of investment in the Island's infrastructure will bring about improvements in the public realm, enable regeneration and be of benefit to the economy through the creation of jobs.
37. The project is currently at the detailed procurement phase and negotiations are ongoing with two international bidders. The procurement phase will complete with "financial close" in November 2012 and the contract will formally commence in April 2013.

### Housing and Homelessness

38. The Island's limited availability of private housing and shortage of affordable social housing have resulted in an increasing need for the homelessness prevention service and for temporary accommodation.
39. The projected growth in households on the Island is forecast to lead to a shortfall in housing units, which will exert upward pressure on prices and increase unaffordability for younger families and people on lower incomes. There will be a specific requirement for more housing suitable for older people, including extra care housing.
40. Secure and appropriate housing is one of the most important factors determining quality of life. For this reason we need to ensure that we continue to work with providers of housing to meet the needs of those who are unable to buy their own homes at this stage of their lives and the needs of those who either through old age or disability need a property that is either designed or adapted to meet their needs. Our focus is on:
  - (a) Delivering the Pan Meadows project which will provide 848 new homes over the next 12-15 years of which at least 254 will be "affordable", in terms of the definition of social housing.

- (b) Working with partners to bring on stream further developments of affordable housing to meet the community's needs.
- (c) Responding to the growing numbers of frail and very elderly people who either wish to remain in their own home or are looking to a housing solution that provides a property that meets their physical needs and a care and support system that is responsive, flexible and affordable.
- (d) Responding to the needs of people who are either homeless or insecurely housed. We work in partnership with the private sector to help Island residents find their own housing solutions but where necessary ensure that homeless people are able to access temporary accommodation.
- (e) Through the housing renewal team work closely with the Housing Associations to tackle issues affecting the achievement of decent home standards.

### Waste Strategy

- 41. The Council's current waste contract terminates in October 2015. The combination of this and the need for investment in waste treatment facilities provides the Council with the opportunity to consider a long term waste strategy which will inform the terms of the new contract as well as which treatment facilities are appropriate to invest in. The development of a long term waste strategy has now begun, as has preparation for the next waste management contract to ensure that we deliver a cost effective and efficient solution to dealing with the Island's waste. Significant steps towards this are now in place with the new waste collection arrangements.

### Delivery of budget savings through changed service provision

- 42. The 7 December 2010 report to Cabinet on the future shape and direction the organisation should take and the Corporate Plan (agreed in June 2011) identified those priorities where resources should be directed and the key principles that the Council should follow in commissioning and providing services. The December 2010 principles also highlighted those areas where changes to service delivery and savings needed to be made.
- 43. The budget strategy for 2011/12 is projected to overachieve, through robust financial management, monitoring and control, with a projected overall net saving of £1.8m, compared to the agreed level of savings. Within the strategy the Council has been successful in delivering real change that has sought to minimise the impact on direct services but still delivered significant reduction in on-going spend.
- 44. This has resulted in some 76% of the savings in the 2011/12 budget being back office, efficiencies or additional income and over 90% in the proposed 2012/13 budget.
- 45. Significant savings have been made in "back-office costs", through reducing staffing levels and also by enabling services to be delivered differently, often leading to an enhanced or more flexible level of service provision. Examples of different delivery include community bus services, Ventnor Botanic Gardens, Waterside Pool, Shanklin

Theatre, fire control, public toilets, community libraries, visitor information and joint working with other organisations.

46. Work is continuing on the partnership with Southampton City Council. Early and initial joint work in education services is underway and leading to a formal link between the two local authorities as from April 2012. There is now a joint educational psychology service which enables both local authorities to fully meet their statutory obligations. This service is led by the Principal Education Psychologist from Southampton. The Council also commissions support from Southampton's inspection and advisory service to assist in delivering the Council's responsibility with regard to school improvement. This is an essential part of the Corporate Plan commitment to raise standards. The council's Employment Committee has recently approved the process for making a joint appointment with Southampton for a Director of Environment who will provide the strategic leadership and advice to both councils for an initial period of six months, subject to the outcome of the forthcoming interview. These aspects are seen as the beginning of a longer term and potentially wider ranging joint activity which will bring both a higher level of efficiency and reduced costs to both local authorities than might be obtained by each one acting alone.
47. It is important to recognise that undertaking these initiatives and delivering change is an essential and unavoidable element in reducing the Council's on-going revenue spend and that without them the Council would face substantial unplanned service cuts which could lead to the cessation of many services altogether. This is particularly so in the context of large scale reductions in resources in 2013/14 and 2014/15 still to come, and additional potential funding reductions further in the future (as set out in the Chancellor's Autumn Statement).
- (b) The projected net savings for 2011/12 based on budget monitoring to Quarter 3 to 31 December 2011.
48. The report to Cabinet on 13 December 2011 indicated that at the end of October 2011 after seven months of the financial year that there was a projected net saving for 2011/12 of £1.8m. The Quarter 3 monitor is summarised at Appendix 5. This shows that the projection at 31 December 2011 is still a net saving of £1.8m. It is possible; however, that this will be exceeded by continued strong financial and budgetary control and management. If it is exceeded, there may be the opportunity for further one-off investment in support of identified initiatives that contribute to the corporate priorities.
- (c) The assessment of 2012/13 and future years increased costs from inflation and external factors.
49. The Medium-Term Financial Plan, which sets out the projected costs and resources available over the next three financial years, is set out in Appendix 6 to this report. The main differences from the previous projections are:
- Increased contingency for price increases on contracts;
  - Increased provision for energy costs;
  - Reduction in the projected increase in the council tax base;
  - Reduction in some income budgets;
  - Reduction in the projection of demographic need in care services.

50. The net effect of these factors in 2012/13 is an additional cost of £700,000, which needs to be taken into account in the budget setting process.

(d) The capital programme and capital financing costs.

51. The proposed Capital Programme is set out in Appendix 7A to this report, together with the resultant capital financing cost projections. To fund the overall Capital Programme prudential borrowing of some £26m will be required over the next two financial years 2012/13 and 2013/14.
52. As part of the strategy the financing costs of the capital programme and outstanding capital debt is managed proactively to reduce interest costs. Positive cash flow and reserves and balances are used to minimise external debt. No external loans have been taken since January 2005 and the opportunity was taken in 2008 and 2009 to repay high interest loans many over 9%. Current 40 year Public Works Loans Board rates are some 4.1%. (PWLB is where local authorities mostly get external loans from.)
53. Interest rates are still low and short-term PWLB rates (1-2 years) are some 1.5 %. The strategy is therefore to avoid external loans wherever possible, and if there is a need later in the financial year to borrow externally, to borrow short-term initially.
54. Reserves and balances, until needed are, used to fund capital spend and then any surplus cash is lent out on a short-term basis. With short-term interest rates being about 0.6% then some £70m of capital debt is costing 0.6% in interest costs. At the time the Council does have to borrow externally longer-term, then this cost would rise to the prevailing long-term rate currently some 4.1%.
55. The savings that can be made in 2012/13 (£1.075m) and 2013/14 (£1.363m) on treasury management are short-term and therefore cannot be relied upon on an on-going basis. If capital spend is reduced then the savings would be on-going.
56. The overall Treasury Management Strategy and Prudential Borrowing Indicators are set out in Appendix 7B to this report.

(e) The final Local Government Finance Settlement for 2012/13.

57. The final Local Government Finance Settlement for 2012/13 was announced on 31 January 2012. This is exactly the same as the provisional settlement announced on 8 December 2011. A summary of the overall grant position is set out as Appendix 8 to this report.

Schools Funding

58. The Department for Education has published details of education funding for 2012-13. The current methodology for funding schools will continue for 2012-13, pending the proposed introduction of revised arrangements including a National Funding Formula in 2013/14.
59. Local Authority allocations of Dedicated Schools Grant (DSG) are calculated using a Guaranteed Unit of Funding (GUF) per pupil and this is unchanged from the 2011-12

level i.e. £5,001.40 per pupil. The value of the total 2012-13 grant allocation is dependent on the pupil numbers reported in the various censuses which take place in January but is likely to be approximately £87m. However, the amount received by the authority will be reduced by the Academies Recoupment. Local authorities are required to calculate delegated budgets for any academies in their area, exactly as if they were still maintained schools and the total of these budgets, plus an apportionment of the centrally retained budgets is then deducted from the authority's DSG allocation and paid directly to the academies by the Education Funding Agency. The Isle of Wight currently has two academy schools within its area.

60. This process set out above is called Academies Recoupment. In 2011-12, the total amount recouped for the two academies which opened in September 2011 was £6.45m but this was for a part year. The full year amount for the two secondary academies will be in the region of £11m. There is likely to be a further recoupment of approximately £500k in respect of Weston Primary School which is due to become an academy from 1 April 2012.
61. In addition, for central costs, there will be a deduction from the Revenue Support Grant for 2012/13 this amounts to £306k.
62. A 2% cash floor will be applied to final DSG allocations, prior to Academies Recoupment, in order to protect authorities with significant reductions in pupil numbers. However this is unlikely to apply to the Isle of Wight.
63. In addition to the funds delegated by the local authority, schools will also receive an enhanced level of Pupil Premium Grant (PPG) in 2012-13. The level of the PPG for pupils entitled to Free School Meals has increased to £600 per pupil, as has the grant for Looked after Children. Pupils from service (armed forces) families will attract a Premium of £250. In addition to the increase in the per pupil grant, the government has also extended the range of pupils entitled to the grant; in 2012-13 schools will receive an allocation of PPG for every child who is known to have been eligible for Free School Meals over the last six year. The total grant allocation for Isle of Wight Pupils is estimated to be £2.69m, subject to verification of the January Census data. Schools are required to use PPG for the benefit of those pupils for whom it has been allocated.

#### General Funding

64. In overall terms for 2012/13 the grant position set out in the final settlement is exactly the same as previously announced for 2012/13 in January 2011 apart from the early intervention grant and some other specific grants which have slightly improved. There are additional responsibilities relating to these grants which will require additional expenditure.
65. The Council will also receive £484,537 in 2012/13 of New Homes Bonus (NHB) in respect of 2011/12. This will continue into the following four financial years. In 2012/13 there will be another additional amount that will run for six years. This has been provisionally announced as £657,800. For 2013/14 the current system for NHB will continue and the Government are proposing that it will be funded by top-slicing the cost from the national business rates income before it is allocated. The Government will estimate the likely cost into the future and deduct this amount. Therefore in the initial years the actual cost will be less than the amount deducted

and the surplus will be redistributed back to local authorities based in proportion to their baseline funding levels. If the Government underestimate the cost then the amount actually paid in New Homes Bonus may get reduced. Finally, it should be noted that the Government has recently placed an emphasis on the NHB being used to stimulate the economy. Recognising this, the Council is proposing to invest considerably in the local economy and the provision of the NHB contributes to its wider investment on this front.

(f) The level of reserves and balances and risk assessment.

66. The total level of balances, reserves and provisions was £26.617m at 31 March 2011. Of this amount £8.060m relates to general fund balances.
67. A non-insured risk reserve is also maintained to meet a range of risks and contingent liabilities. A summary of these together with a risk assessment is set out in Appendix 9 to this report.
68. The school reorganisation programme has effectively been completed (other than some outstanding moves to middle school sites) with the change to a primary / secondary model of education being operational from September 2011. In implementing these changes the costs of redundancies have been incurred and these costs, as well as deficits remaining on schools closed and those transferred to academies and new secondary providers, will be met from the Direct Schools Grant (DSG). Together this is estimated to come to about £5.4m.
69. There will be significant savings resulting from having to operate and maintain fewer schools and from a more efficient size of school. There is a need, however, to spread the cost so that there is not a disproportionate impact on schools by meeting it all in year one. It is proposed therefore to effectively use surplus reserves to meet the costs and then have them repaid from the DSG over a three year period.
70. The Waste Contract is due for renewal from 1 November 2015 and will require significant one-off resources to undertake what will be a major complex procurement exercise. This will involve both internal resources and the use of a range of external contractors to provide the necessary professional and industry expertise. It will be essential that an appropriate level of resources is provided for procuring the contract in order to deliver value for money and to keep on going revenue costs down. Subject to detailed costings being worked up it is proposed at this stage it would be prudent to set aside at least £1m for 2012/13.
71. On 13 December 2011 the Cabinet agreed to develop options related to the way directly provided social care services should be provided. Depending upon the outcome there will be a need to support the implementation of whatever solution is chosen, with one-off transitional funding provision. There are other areas of change which may require one-off pump priming investment, such as economic regeneration. The flexibility for one-off investment is particularly important bearing in mind the extent of staffing reductions there has been and the reduced capacity now available.
72. Of the £1.8m of projected net savings for 2011/12, £550k has already been allocated for particular initiatives (Economic Improvement Fund and employment opportunities for young people), £250k is proposed to resource the one-off costs of delivering change and the balance is being proposed to be set aside as a provision to meet the

costs of preparation for the re-procurement of the waste strategy. The level of general fund balances would therefore be maintained.

73. For 2013/14 there are a number of uncertainties and changes to the way that local authorities are funded that could significantly affect the budget position. There is still a projected £8.1m budget gap to be met over the two financial years 2013/14 and 2014/15. It is not, therefore, prudent or sensible to use any general fund balances to fund activities or costs that are recurring or put off savings that need and can be made now. It is also noted that if savings are made now it puts the Council in a stronger position to fund one-off initiatives in support of corporate priorities, such as *Regeneration and the Economy*. Furthermore it should be noted that the recent outcome of the State of the Island debate agreed that flexibility should be allowed to make further investment during the course of the year as needs arise and resources allow.

(g) The medium-term financial position for 2013/14 and later years.

74. The savings proposed for 2012/13 are set at a level that meets the budget gap in 2012/13 and with the full year effect into 2013/14 meets the additional savings of some £1.8m required in 2013/14 when the Council Tax Freeze Grant for 2012/13 ceases.
75. The Comprehensive Spending Review set out the overall levels of reductions in local authority spending and resources. For 2013/14 and 2014/15 no individual local authority figures are available but the projection remains that, including increased costs and service need, the Council still faces a revenue budget gap of £8.1m in 2013/14 and 2014/15.
76. The position for 2012/13 has been updated as set out in Appendix 10 to this report. For 2013/14 and 2014/15 it is unlikely that individual local authority figures will be available until at least December 2012.
77. There are still significant uncertainties over the impact of the localisation of business rates and council tax benefit in 2013/14 and whether the spending limits for 2013/14 and 2014/15 will get reduced further, which makes it even more essential that the Council adopts a prudent approach and controls and reduces its on-going cost base.

(h) The level of savings required.

78. After allowing for the full year effect of savings implemented in 2011/12 the savings target required to be delivered in 2012/13 was £3.835m with a full year effect in 2013/14 of £5.635m, recognising that the £1.8m of council tax freeze grant for 2012/13 is one-off and therefore needs to be replaced in the base funding. This excludes any further savings that may be needed in 2013/14 to balance the budget in that year.
79. As set in the section on the assessment of 2012/13 and future years' projected increased costs (from inflation and external factors) there are projected additional costs of £700k to meet. In addition it is felt prudent in the current economic climate and trends to make some provision against a fall in income in parking and other areas where the Council charges for use of facilities.



80. The budget includes capital financing costs of new capital investment proposals including investment in housing schemes and economic development initiatives. The Council has progressed schemes such as Pan Meadows that directly impact on the New Homes Bonus that will be received. The grant is a un-ring fenced grant and has been fully taken into account in the overall budget, whilst noting the emphasis that the Government has recently placed using it for initiatives to stimulate the local economy.
81. There are a wide range of services and activities that the Council charges for and consideration has been given to potential increases taking into account service and economic factors. Having listened to the feedback from the budget consultation process, it is now proposed to freeze parking charges – for the fourth year running. It is however proposed to modestly increase charges relating to bereavement services (where there has been significant capital investment); for beach huts (to put them on a more commercial basis) and also for some registrars services where the service is being restructured. In other areas, such as leisure facilities, certain charges will be increased in line with inflation or to market rates and taking into account service needs and impact. These will be agreed in consultation with the relevant cabinet member. A schedule of all fees and charges will be published on the Council's website.
82. The proposed savings to be implemented are set out in Appendix 11 to this report.

## OVERALL

83. The proposed strategy seeks to strike a balance between: the need to invest in capital infrastructure to improve services; direct revenue resources to the eight priorities; the level of council tax; the levels of fees and charges; and the level of savings and service reductions and use of any available balances. It also takes into account the medium-term financial position the Council faces.
84. The final budget proposed has taken into account the equality impact assessments as set out in Appendix 2 to this report and the results of the budget consultation exercises as summarised in Appendix 3 to this report, and members are asked to have regard for this when considering the recommendations.

## CONSULTATION

85. Budget consultation workshops were held in November and December 2011 with residents, businesses, community groups, unions and town & parish councils. An online budget simulator was also undertaken.
86. The results of the consultations have been analysed and a summary of the main issues raised are set out in Appendix 3 to this report. In considering the budget for 2012/13 the key aspects that are highlighted that relate to and respond to the issues raised in the consultation are:
- There is now no proposal to increase parking charges;
  - The budget includes major investment in initiatives related to economic improvement, particularly in creating opportunities for young people;
  - The transfer of services to other providers rather than direct cuts or closure such as Ventnor Botanic Gardens, and promoting alternative provision such as community transport;

- Support for children and older and vulnerable residents through increased budget provision.
87. Service specific consultations have been undertaken in respect of changes to refuse collection arrangements and the youth service, which informed the decisions in relation to these areas.
88. The Overview and Scrutiny Committee also play a key role in considering and scrutinising the budget. At their meeting on 27 October 2011 they considered the quarter two budget monitoring position for 2011/12 and the preparations for the 2012/13 Budget. They also considered the 13 December 2011 budget report to Cabinet and a presentation of the overall financial position at its meeting on 8 December 2011. This report is being considered at the Scrutiny Panels and the Overview and Scrutiny Committee between 6 and 9 February 2012 and any recommendations that they make will be circulated prior to the meeting, as Appendix 4 to this report.

### FINANCIAL / BUDGET IMPLICATIONS

89. This report sets out the overall financial and budgetary position of the Council and sets out the financial and budget considerations in updating the proposed Medium-Term Financial Strategy for the Council and consequent implications for council tax, investment and savings. It proposes an overall revenue and capital budget that includes significant investment in the council's eight priorities and in delivering business as usual services.
90. After allowing for increased costs and the resources likely to be available there is a projected budget gap which needs to be met in order to deliver a balanced budget. The report makes proposals for savings that will achieve this.
91. Any amendments to take out particular savings and / or increase investment must be matched by alternative proposals that deliver a balanced budget.

### CARBON EMISSIONS

92. The proposed Medium-Term Financial Strategy, ICT Strategy, Strategic Asset Management Plan Capital Programme, and efficiency savings proposals take into account the need to reduce carbon emissions and support the Council's Carbon Management Plan.
93. The Solent Ocean Energy Centre (SOEC) project will contribute to a reduction in the Island's carbon footprint, including that of the Council. In addition to this SOEC will help reduce energy costs. The re-let of the waste contract will focus on waste as a resource and encourage innovation in the use of waste to create energy. The Highways PFI project will require the successful bidder to reduce both carbon and water footprints and this will be enshrined in the contract.
94. The Council is also required to participate in the CRC Energy Efficiency Scheme which incurs a charge for every tonne of carbon dioxide (CO<sub>2</sub>) emissions (currently £12 / tonne) and will be seeking to reduce emissions to reduce costs.

## LEGAL IMPLICATIONS

95. The Council has a statutory duty to agree a balanced budget by 11 March 2012. If a balanced budget is not agreed at Council on 29 February 2012, the meeting may adjourn to another day (Procedure Rule No. 26, Rules for the Regulation of Proceedings – Full Council) which would allow time for further discussions and proposals to be brought forward. If a balanced budget is not ultimately agreed, advice would be given from the Chief Finance Officer (Dave Burbage) and the Monitoring Officer (Davina Fiore) that there is a duty to agree a balanced budget and it is unlawful not to agree one. In doing this it needs to ensure that it meets its statutory duties in relation to the provision of services and in any change it introduces. The Government has indicated that council tax rises above 3.5% will be deemed excessive and any proposal to increase council tax above this level would require a public referendum to be conducted.
96. Members should have regard to the statutory duties placed upon the Strategic Director of Resources as Chief Financial Officer. The Council may take decisions which are at variance with his advice, providing there are reasonable grounds to do so. However, Members may expose themselves to risk if they disregard clearly expressed advice, for example as to the level of provision required for contingencies, bad debts and future liabilities.
97. The Council's budget requirement and consequent council tax level has to include all precepts from parish and town councils and the police for which the statutory deadline for notification is 1 March 2012. Consequently if any precepts have not been declared by the 29 February 2012 the Council can still agree its own budget and council tax element but cannot agree the overall budget requirement and council tax which includes precepts.
98. The Council can under section 67 of the Local Government Finance Act 1992 delegate to a committee of the Council the setting of the overall council tax for those areas. Such a committee cannot be the Cabinet, must be politically proportionate, and the number of members and its remit must be appointed by the Council.
99. It is envisaged that, if there are any precepts outstanding and Council agrees, this Committee will meet at 5.30pm on 1 March 2012. Legislation permits the convening of a Committee with less than the normal 5 working days notice where it is a matter of urgency. Assuming Council does establish this Committee, the agenda will be sent the following day (1 March 2012) with the details on the calculations for the council tax for the areas to be set to be circulated as soon as they are ready provided certain provisions are followed in terms of the agenda and minutes as this matter is urgent, this will meet all statutory requirements. It is hoped that the establishment of such a Committee will not be required, and parishes have been asked to provide their precept levels by 17 February 2012.

## EQUALITY AND DIVERSITY

100. The Council has to comply with Section 149 of the Equality Act 2010. This provides that decision makers must have due regard to the elimination of discrimination, victimisation and harassment, advancing equalities, and fostering good relations between different groups (race, disability, gender, age, sexual orientation, gender reassignment, religion/belief and marriage/civil partnership). Equality impact

assessments will be completed in respect of relevant proposals as part of the decision making process to enable members to take into account and if necessary mitigate the impacts as part of the decision making process.

101. The overall strategy adopted by Council needs to balance the needs of service users, residents, council taxpayers, business, and voluntary sector against council tax increases, the level of savings to be made and the level of investment in the outcomes to be achieved through the Corporate Plan priorities.
102. The investment in services and savings proposals will directly affect different groups of people. Some impact will be felt universally but other proposals will impact differently on older people, young people, vulnerable adults, people with disabilities and other vulnerable and protected groups. As part of the provisional Budget Strategy agreed at Cabinet on 13 December 2011 an overall equalities impact assessment was undertaken. This related in particular to the Medium-Term Financial Strategy that was agreed by Council for 2011/12 to 2014/15. An updated Equalities Impact Assessment is attached at Appendix 2 to this report.
103. In developing the savings, investment and charging strategies and proposals for 2012/13 and future years specific equality impact assessments and consultations, have already been undertaken in respect of the Youth Service and on changed refuse collection arrangements. The only other area where specific consultation and impact assessment will be required relates to the savings proposal for CWB4 (as set out in Appendix 11 to this report) in respect of operation of the changes to the charging for Wightcare Services. The proposal CWB1 on Establishing an Integrated NHS / Adult Social Care Crisis Response and Reablement Service will not require a specific consultation process but a specific Equalities Impact Assessment will be undertaken and considered when the final implementation proposal is considered and agreed.

#### PROPERTY IMPLICATIONS

104. There are no direct property implications of this report .The full Medium-Term Financial Strategy, (summarised at Appendix 1 to this report) includes the Strategic Asset Management Plan which sets out the key objectives and outcomes to be achieved from the council's property interests.

#### SECTION 17 CRIME AND DISORDER ACT 1998

105. Section 17 of the Crime And Disorder Act 1998 (as amended by Police and Justice Act 2006) provides that: 'it shall be the duty of each authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all it reasonably can to prevent, crime, disorder, anti social behaviour adversely affecting the environment, and substance misuse in its area'.
106. Section 17 applies to all duties, activities and decision making. Ignorance or failure to respond to the requirements of section 17 leaves the Council open to legal challenge.
107. The proposed savings set out in Appendix 12 to this report will not directly impact on the Council's duties in respect of the Act. There are specific reductions related to community safety management costs and in respect of street based services. These are not expected to have an adverse impact on crime and disorder.

## OPTIONS

108. There are a number of options open to the Council in relation to the strategic choices it has particularly in the level of revenue investment, the level of capital investment, council tax increase, savings etc.
109. In particular the capital investment proposed for new schemes could be reduced or stopped, the savings proposed could be changed or replaced with other deliverable savings, the reserves and balances could be used differently and Council Tax could be increased to less than 3.5% without the need for a referendum.
110. In considering the choices, however, regard must be had to the Council's statutory duties in relation to specific services, its equality and diversity duties, the results of consultations, the prudence of any alternatives and the overriding duty to deliver a legally balanced budget for 2012/13.

## RISK MANAGEMENT

111. The key risks of this strategy relate to budget pressures being even higher than anticipated; savings and efficiencies not being delivered; proposed income levels not being achieved, inflation being higher than expected. These risks are contained in the strategic risk register. The risk assessment set out in Appendix 9 to this report compares the potential financial risks to reserves available to meet them.
112. General Fund balances of at least £5m should be maintained on top of earmarked reserves. Savings implementation plans will be adopted and rigorously monitored. Monthly Service Boards and the member-led Budget Review Board undertakes detailed monitoring and review of savings and budget monitoring. Quarterly performance and finance reports are made to Cabinet and the Overview and Scrutiny Committee and Budget Review reports are made to Council in September and Cabinet in December each year.
113. It is important that the Council takes a medium-term approach to its budget setting. There are considerable uncertainties over the level of resources the Council will receive in 2013/14 and a significant level of grant reductions still to be suffered in 2014/15, and also in subsequent years. The adoption of a prudent approach and a strategy to contain and reduce on-going spend commitments is essential if significant unplanned cuts in services are to be avoided.

## EVALUATION

114. The overall budget strategy proposed takes into account the results of the Equality Impact Assessments set out in Appendix 2 to this report, the budget consultation results set out in Appendix 3 to this report and the Council's statutory duties. Members need to balance the various impacts and choices it has between Council Tax increases, savings to be made, charging levels, services it delivers, use of reserves and balances within the statutory framework and the absolute need to agree a legally balanced budget.
115. Each of these elements has a number of limited choices for example Council Tax increases are effectively capped by the Government to a 3.5% increase without going

to a referendum which would be costly and high risk. The Government has also offered a one-off council tax freeze grant of some £1.8m if Council Tax is not increased equivalent to a 2.5% increase. To not take the grant would cost council taxpayers an average of £32 per band D property extra each year but taking the grant results in additional savings of some £1.8m having to be made in 2013/14.

116. In addition the Council's savings base from which it can look to make savings in the short-term is reducing and after taking into account costs dictated by Government or external factors outside of its direct control such as the National Concessionary Fares Scheme, statutory duties in adult and children's social care, schools and benefits leaves about £83m in the savings base.
117. The ability to raise income from increased charges is also dependent on people's willingness and ability to pay more particularly in current economic conditions.

118. RECOMMENDATIONS

THAT CABINET

- (a) Considers the Equality Impact Assessments set out in Appendix 2 to this report and the results of the budget consultation exercises set out in Appendix 3 to this report and whether the budget proposals are consistent with these and that any potential adverse impacts are understood and that appropriate mitigating actions are proposed to be taken. Recommends to Council that it also considers all of these when making its decisions.
- (b) Considers the overall financial and budget position facing the Council in 2012/13 and future years and recommend to Council on 29 February 2012 an overall budget and Council Tax strategy and in particular:
  - (i) The updated Medium-Term Financial Strategy as set out in Appendix 1 to this report;
  - (ii) The overall Capital Programme as set out in Appendix 7A to this report;
  - (iii) The Treasury Management Strategy, Investment Strategy, Borrowing Strategy, Minimum Revenue Provision and Prudential Indicators as set out in Appendix 7B to this report;
  - (iv) An increase in the Isle of Wight Council budget requirement of 2.5%;
  - (v) Acceptance of the Council Tax Freeze Grant and consequent setting of the Isle of Wight Council element of council tax at the same level as for 2010/11 and 2011/12;
  - (vi) The schedule of savings set out in Appendix 11 to this report;
  - (vii) That the overall net saving achieved in the outturn position for 2011/12 be used to meet the one-off costs of: £250k to establish the Economic Improvement Fund (as agreed by Cabinet on 13 December 2011);

£300k to fund initiatives relating to creating new employment opportunities for young people (as agreed by Council on 25 January 2011); £250k for funding the costs of developing and implementing the Council's change agenda; with the balance being set aside as a provision to meet the costs of preparation for the re-procurement of the waste strategy.

- (c) To recommend to Council, in the event that all precepts are not notified by the time of the Council meeting on 29 February 2012 that they agree to set up a Council Tax Setting Committee with the delegated authority to consider and approve the overall budget requirement and level of Council Tax for 2012/13 being that element agreed by Council for the Isle of Wight Council for 2012/13 plus the notified police precept plus the notified Parish and Town Council precepts.

#### APPENDICES ATTACHED

- [Appendix 1](#) - Medium-Term Financial Strategy 2012/13–2014/15;
- [Appendix 2](#) - Equalities Impact Assessments;
- [Appendix 3](#) - Budget Consultation results;
- Appendix 4 - Overview and Scrutiny recommendations to Cabinet on 14 February 2012; (TO FOLLOW)
- [Appendix 5](#) - Budget Monitoring Position Quarter 3 2011/12;
- [Appendix 6](#) - MTFP 2012/13 to 2014/15 inflation / cost assumptions;
- [Appendix 7A](#) - Capital Programme Summary;
- [Appendix 7B](#) - The Treasury Management Strategy, Investment Strategy, Borrowing Strategy, Minimum Revenue Provision, and Prudential Indicators;
- [Appendix 8](#) - Local Government Finance Settlement;
- [Appendix 9](#) - Reserves and Balances Analysis and risk assessment;
- [Appendix 10](#) - Medium-Term resources position 2013/14 and future years;
- [Appendix 11](#) - Savings proposals.

#### BACKGROUND PAPERS

- Budget report to Cabinet 13 December 2011;
- Presentation to Overview and Scrutiny Committee 8 December 2011;
- Presentation to Overview and Scrutiny Committee 27 October 2011;
- Budget Review report to Council 21 September 2011;
- 2011/12-2014/15 Budget Strategy and Council Tax Setting report to Council 23 February 2011;
- Grant allocation notifications 2011/12 and 2012/13;
- Joint Strategic Needs Assessment;
- Report to Cabinet 7 December 2010: Future Shape and Direction of the Council.

- Comprehensive Spending Review 20 October 2010;
- Emergency Budget Announcement 22 June 2010.

Contact Point: David Burbage, Strategic Director of Resources,  
☎ 01983 823606 e-mail *David.Burbage@iow.gov.uk*

DAVE BURBAGE  
*Strategic Director of Resources*

COUNCILLOR DAVID PUGH  
*Leader of the Council and  
Cabinet Member for Resources*